

STAT

Page Denied

STAT

FINANCE AND ECONOMICS SECTION OF 1952 CHINESE PEOPLE'S HANDBOOK

[Comment: The following is the full text of the section on finance and economics of the 1952 Jen-min Shou-ts'e (1952 People's Handbook), published by the Shanghai Ta Kung Pao, July 1952. For convenience, the report is divided into four sections: People's Victory Bonds; Currency; Trade and Commerce; and Banking, Wages, and Insurance. Sources given by the handbook are included in this report.]

I. PEOPLE'S VICTORY BONDS

Redemption of Principal and Interest

(The following was published 29 January 1951 by the Ministry of Finance. Article 8 and 9 were corrected amended 31 January 1951 by the Ministry of Finance.)

Article 1. In accordance with Article 5 of the People's Victory Bond Regulations, People's Victory Bonds will be redeemed from 1951 to 1955 in five yearly payments. One repayment will be made each year to holders chosen by lot. Lots will be drawn on 1 February each year in Peiping and will be based on the last two characters of the serial numbers of the bonds.

Article 2. The People's Bank of China will be responsible for the actual redemption of, and interest payments on, these bonds on the basis of the numbers drawn, which will be announced by the Ministry of Finance.

Article 3. Each year from 1951 to 1955 redemption payments will be made 31 March-30 September by the People's Bank of any area. Up to 30 September 1955, redemption payments and interest not collected during the payment period must be collected in the next payment period. For the benefit of the bondholders, the final payment period will be extended 6 months for those who do not collect their payments (final date will be 31 March 1956). If collection has not then been made, the rights of the holder are forfeited and no payment will be made.

Article 4. When a bond number has been chosen by lot, interest payment will stop on that number the day after the interest-payment day (31 March) of that year.

Article 5. Each time redemption is to be made, the bondholder will receive payment at the local People's Bank. If interest coupons are missing for the period up to the time the bond is to be redeemed, interest will not be paid. If interest coupons for later interest payments are missing at time of redemption, an amount equivalent to the missing interest coupons must be deducted from the redemption payments. The People's Bank will issue affidavits to show that this deduction has been made to cover the missing interest coupons. If these coupons are recovered later and turned over to the bank, the deductions made will be returned to the bondholder.

Article 6. The interest coupons on the bonds must be presented for payment of the interest due. However, the entire bond must be presented to the bank; the bondholder must not remove the coupons.

STAT

Article 7. With the exception of bonds issued in Sinkiang, all bonds issued in China (excluding the Northeast) can be redeemed in any local People's Bank and will be paid for in JMP (Jen-min-p'iao) at the rates set by the central People's Bank of China.

Article 8. Bonds issued or redeemed in Sinkiang will be evaluated in JMP at rates announced by the Sinkiang branches of the People's Bank in accordance with exchange rates fixed by the Sinkiang Provincial People's Bank.

Article 9. For the convenience of the bondholder, if bonds issued in Sinkiang are removed to the Northeast or to another part of China, all local People's Banks and Northeast People's Banks are designated as exchange banks and the branch banks at Lan-chow, Sian, Peiping, Tientsin, Shanghai, and Mukden are designated as paying banks. Payments will be in accordance with rates in Sinkiang. Paying banks may make direct payments; exchange banks must submit the bonds to paying banks, which will return a draft for the proper amount to the exchange bank for payment to the bondholder. When a bondholder from China (excluding the Northeast) moves to Sinkiang or to the Northeast, he shall use the Ti-hua People's Bank or the Mukden People's Bank as a paying bank. These banks will make payments in terms of rates announced by the central People's Bank of China. In both Sinkiang and the Northeast, all local People's Banks will be exchange banks functioning under the same system described above.

Article 10. Exchange of and payments for these bonds are exempt from postage and draft fees, but special telegram draft fees are payable by the bondholder.

Article 11. These bonds must be submitted to procure payment.

Article 12. These bonds are not subject to profits taxes.

Explanatory Notes:

1. These regulations shall be in effect from 1951 to 1955. Each year part of the issue will be redeemed by drawing lots, until five such redemptions have been completed. The number of lots drawn each time is calculated as a percentage of the bonds subscribed; therefore, the lots will be numbered accordingly. One hundred lots will be prepared, each containing two numbers (running from 01 to 00) corresponding to the last two serial numbers on the bonds. Each lot represents all those bonds having the same last two serial numbers. Thus, one lot represents one percent of all the bonds. Regardless of the number of shares represented by each single bond (1, 10, 100, or 500 shares), all bonds matching the number will be redeemed when the number is drawn.

2. At the time of the drawing, the 100 lots will be placed in ten containers in numerical order; lots 01 to 10 in the first, and so on up to lots 91-00, which go in the tenth container. If 10 percent of the bonds are to be redeemed, one lot will be drawn from each container; if 20 percent, two will be drawn from each container.

3. When a percentage of 15 or 25 is needed, lots will be drawn to see which containers will be used for the five extra lots. A special set of lots numbered 1 to 10 will be used for this preliminary drawing.

4. At the fourth drawing for this issue, 25 lots should be drawn from a remainder of 55 lots. It will be arranged so that 5 containers have 6 lots and 5 containers have 5 lots. Three lots will be drawn from each container with 6 lots and 2 lots will be drawn from each container with 5 lots. Each container will then have 3 lots, totaling 30 lots, which will be the percentage of bonds redeemed by the fifth drawing.

STAT

5. Each time a lot is drawn, a record should be made on the spot and retained by the main office of the People's Bank.

6. The only official numbers will be those announced at the actual time of drawing and reported by the Ministry of Finance.

7. The date of the drawing will be 1 February each year in order to facilitate transmittal of the numbers to all villages and rural areas and to overseas bondholders so that all may redeem their bonds within the time limit.

Chart of Principle Redemption and Interest Payments (in shares)

<u>Date</u>	<u>Remaining Shares</u>	<u>No of Shares Redeemed</u>	<u>Interest</u>	<u>Principle and Interest</u>
31 Mar 51	100,000,000	10,000,000	5,000,000	15,000,000
31 Mar 52	90,000,000	15,000,000	4,500,000	19,500,000
31 Mar 53	75,000,000	20,000,000	3,750,000	23,750,000
31 Mar 54	55,000,000	25,000,000	2,750,000	27,750,000
31 Mar 55	30,000,000	30,000,000	1,500,000	31,500,000
Total		100,000,000	17,500,000	117,500,000

The information given above is based on "Articles of the First People's Victory Bond Issue, 1950," passed by the 11th Session of the Government Administration Council, as reported by the Hsin-hua News Agency 16 December 1949.

Bond Serial Numbers Selected at Drawings

<u>Year</u>	<u>Numbers</u>
1951	05, 11, 24, 33, 49, 55, 61, 75, 84, 96
1952	01, 15, 18, 27, 31, 42, 50, 53, 58, 65, 68, 71, 83, 89, 92

Value of Bonds in Trimonthly Periods

<u>Year</u>	<u>Month*</u>	<u>Period</u>	<u>Value (Yuan)</u>
1950	Jan	1	14,055
		2	24,841
		3	16,077
	Feb	1	19,139
		2	23,353
		3	25,835
	Mar	1	31,628
		2	31,310
		3	27,682

* Unreported April-August.

STAT

<u>Year</u>	<u>Month</u>	<u>Period</u>	<u>Value (yuan)</u>
1950	Sep	1	22,115
		2	21,888
		3	21,559
	Oct	1	21,008
		2	21,232
		3	21,497
	Nov	1	21,724
		2	21,606
		3	21,267
	Dec	1	21,174
		2	21,250
		3	21,320
1951	Jan	1	21,480
		2	22,461
		3	22,888
	Feb	1	22,593
		2	22,461
		3	22,333
	Mar	1	22,485
		2	22,741
		3	22,814
	Apr	1	22,863
		2	23,706
		3	23,578
	May	1	23,591
		2	23,582
		3	23,722
	Jun	1	23,688
		2	23,919
		3	23,855
	Jul	1	23,923
		2	24,103
		3	24,041
	Aug	1	24,088
		2	24,367
		3	24,455
	Sep	1	24,597
		2	24,412
		3	24,541
	Oct	1	24,658
		2	24,542
		3	24,540

STAT

<u>Year</u>	<u>Month</u>	<u>Period</u>	<u>Value (yuan)</u>
1951	Nov	1	24,599
		2	24,735
		3	24,608
	Dec	1	24,666
		2	24,667
		3	24,653
1952	Jan	1	24,752
		2	24,737
		3	24,733
	Feb	1	24,668
		2	24,611
		3	24,833
	Mar	1	24,731
		2	24,724
		3	24,800
	Apr	1	24,728
		2	24,715
		3	24,602
	May	1	24,528
		2	24,287
		3	24,402

II. CURRENCY

A. Provisional Regulations on Handling Offenses Against the National Currency, Government Administration Council, 15 April 1951

Article 1. These articles are drawn up especially to protect the nation's currency and to stabilize the national monetary system.

Article 2. As referred to in these articles, national currency means the currency issued by the People's Bank of China.

Article 3. Counterfeiting operations of a counterrevolutionary nature are punishable by death for leaders and for other offenders when circumstances are serious. When circumstances are not serious, punishment shall be indefinite imprisonment, or 7-15 years' imprisonment. In addition, all or part of the counterfeiter's property may be confiscated. Altering of currency for counterrevolutionary purposes, dealing in currency, or passing counterfeit money are punishable by death or indefinite imprisonment for leaders and for other offenders when the circumstances are serious. When the circumstances are not serious, the offenses are punishable by imprisonment of 5-15 years and by confiscation of all or part of the property of the criminal.

Article 4. In cases of intent to counterfeit, the leaders or serious offenders are subject to punishment by death or indefinite imprisonment. Less serious offenders may be imprisoned for 3-15 years. In all cases, all or part of the property of the offender shall be confiscated. Those who shall plan to alter currency, to deal in currency, or to pass counterfeit money may be punished by imprisonment of 7-15 years and confiscation of property in the case of leaders and serious offenders. Less serious offenders shall be punished by imprisonment of 1-10 years and by fines. Light offenses shall be punishable by fines or less than one year labor.

STAT

Article 5. The circulation of rumors or any other attempt to destroy faith in the currency shall be punishable by fines or less than 5 years' imprisonment. If this violation is committed with counterrevolutionary intent, the punishment will be 5-15 years' imprisonment. Leaders and serious offenders will receive indefinite prison sentences and all or part of their property will be confiscated.

Article 6. Those who unknowingly receive counterfeit or altered currency and notice this after receipt should report the fact to the local People's Bank or Public Security Agency. If such currency is circulated with the knowledge that it is counterfeit or altered, the offense is punishable by less than one year labor, fines, or remonstration.

Article 7. Unsuccessful attempts to commit the offences listed above will be regarded as light offenses unless the aim is counterrevolutionary, in which case the offense will be dealt with as outlined above.

Article 8. Any offender who surrenders voluntarily will receive a reduced or suspended sentence. If, after surrendering, the offender assists the authorities, no punishment will be given.

Article 9. Counterfeit or altered currency will be confiscated. All machines, materials, or other objects used in violation of these articles will be confiscated. This article does not apply if these objects belong to a third party who is unaware of their illegal use.

Article 10. For serious violations of these articles, except Article 6, the offender may forfeit his political rights.

Article 11. These articles are in effect as of the day of promulgation.

B. Regulations Prohibiting Entry or Removal of National Currency (Government Administration Council Edict, 6 March 1951)

Article 1. These regulations have been especially drawn up to stabilize the national currency and to protect the property of the people.

Article 2. For the purpose of these regulations, national currency means the currency issued by the People's Bank of China and local currency authorized by the Central People's Government.

Article 3. The transporting of national currency across the national boundaries is forbidden. All currency so transported will be confiscated.

Article 4. Those who transport national currency across the border with the intention of harming the national financial system, or those who smuggle counterfeit or altered people's currency into the country, shall be taken into custody by the examining and arresting agency and such cases shall be referred to the local courts for disposition.

Article 5. National currency will be confiscated from all mail. If such currency is intended for illegal use or is suspected to be counterfeited or altered, the examining agency should join with the courts of the originating point of the mail for disposition of the case.

Article 6. These articles are in effect as of the day of promulgation.

STAT

C. Government Administration Council Orders Concerning Recall of Local Currency Issued by Northeast Bank and Inner Mongolia People's Bank

To unify the currency system, it has been decided to recall the local currency issued by the Northeast Bank and the People's Bank of Inner Mongolia.

Article 1. As of 1 April 1951, the People's Bank of China shall replace with JMP all local currency issued by the Northeast Bank and the People's Bank of Inner Mongolia. The rate of exchange will be based on existing market prices; each 9.50 yuan of local Northeast or Inner Mongolian currency will be exchanged for 1 JMP yuan.

Article 2. As of 1 April 1951, all prices, accounts, and agreements in the Northeast and Inner Mongolia will use JMP as the unit. All arrangements and agreements made before 1 April 1951 will be recalculated in JMP on the basis of the exchange rate fixed in these regulations.

Article 3. As of 1 April 1951, the Northeast Bank and the People's Bank of Inner Mongolia will be reorganized as branches of the People's Bank of China.

20 March 1951, Chairman Chou En-lai

Editorial note by Hsin-hua Yuch-zao editor -- The rate of exchange between JMP and the currency of the Northeast and Inner Mongolia is fixed at 1 to 9.5. This was fixed on the basis of a weighted calculation of market conditions of important interarea commodities in the two representative areas of Mukden and Tientsin and an analysis of exchange rates at the joint office of the People's Bank and the Northeast Bank of Shan-hai-kun. The following principles were also considered:

1. After the rate of exchange is fixed, it should not cause fluctuations in the value of any commodity.
2. There is increased necessity for watching the inequalities in commodity flow between the two areas.
3. The new rates must be beneficial to the mutual development of production reconstruction enterprises in the two areas.

D. Government Administration Council Orders Concerning Issue in Sinkiang of JMP in Uighur Language to Replace Silver Yuan Notes Issued by Sinkiang Bank

To unify the currency system and to observe the customs of the minorities of Sinkiang, the silver yuan notes issued by the Sinkiang Provincial Bank shall be replaced with JMP printed in Uighur. Specific regulations are as follows:

1. As of 1 October 1951 and within a fixed period, the People's Bank of China shall recall the silver yuan notes issued by the Sinkiang Provincial Bank and replace them with JMP printed in Uighur script. The rate of exchange will be based on present market prices; one Sinkiang silver yuan note will be exchanged for 350 JMP yuan.
2. The JMP notes in Uighur will be negotiable throughout the country and JMP notes not bearing Uighur script will be negotiable in Sinkiang.
3. As of 1 October 1951, all prices, accounts, and agreements will use JMP as the legal currency unit. All arrangements and agreements made before 1 October 1951 will be recalculated in JMP at the rate of exchange fixed in these regulations.

Chairman Chou En-lai, 21 September 1951

STAT

III. TRADE AND COMMERCE

A. Development of Private, State, and Cooperative Trade

The following table gives the breakdown (in percent) of total commercial trade for 1950-1951.

	<u>1950</u>	<u>1951</u>
Private commerce	84	78
State-operated commerce	14	19
Cooperative society commerce	2	3
Total	100	100

The above data were given in an article entitled "Achievements of Chinese People's Economic Reconstruction in the Past Two Years," by Sung Shao-wen in the Peiping Jen-min Jih-pao, 6 October 1951. The article continued as follows:

"After the expansion of industrial and agricultural production, the amount of trade rapidly increased. Although state, private, and cooperative trade all showed an increase, 1951 conditions indicate that the volume of private trade greatly increased faster than that of state-controlled trade. Cooperative trade greatly increased in 1951, to the advantage of the broad masses. State-operated trade, in wholesale handling of important industrial and agricultural commodities (food, cotton, cloth, coal, salt, petroleum, etc.), has attained a leading position in the markets; however, in retail trade such strength is lacking or is very slight. Although cooperative trade showed some growth, in view of the over-all expansion of trade cooperative trade still shows only a small increase. Thus, in order to match the recovery and development of industrial and agricultural production through joint development of public, private, and cooperative trade, and to guarantee the stabilization of important commodity items, co-operative and state-operated trade must carry out more retail trade operations."

B. List of State-Operated Special Companies

All companies in the following list except two (as noted) are located in Peiping.

<u>Manager</u>	<u>Date of Founding</u>
Chon K'ang-min	1 Mar 50
Ch'en Ch'i-jang	1 Mar 50
Li Nan-sheng	1 Apr 50
Fan Yang-min	26 Jan 50
Ts'ai Hsin-te	10 Mar 50
Liu I	1 Nov 50
Li Ju-hsiu	1 Apr 50
Chao Chung-te	1 Apr 51
Li Kuang-chun	10 Mar 50
Ting K'o-chien	7 Apr 50
Ch'en Ch'eng-chung*	30 May 49
Wu Chuen-neng**	Nov 49
Chang Hsuan-wen	16 May 50
Chang Hua-tung	10 Mar 50
Lu Hsu-chang	1 Mar 50

* Located in Shanghai

** Located in Tientsin

STAT

C. Marketing of Local Products

(The following is from an article by K'ang Wei entitled "Resume of China Local Products Sales for 1950," Peiping Jen-min Jih-pao, 24 February 1951.)

The most important task of current economic activity is to hasten the recovery and development of industrial and agricultural production by marketing local products, increasing the farmers' buying power, and stimulating urban-rural trade. The People's Government is especially attentive to this work. In 1950, all local branches of the China Local Products Company of the Ministry of Trade were already relying on cooperative and organized private trade to carry out local products marketing, and had achieved definite successes.

Production of local and special products is exceptionally flourishing and distribution is wide. About 2,000 different commodities are contributing to a large share of the farmers' income. In the Southwest, for example, income from local products is 35-40 percent of total agricultural income. Local products occupy a similar position in Inner Mongolia. In 12 model villages in North China, prewar income from local and secondary products totaled 28 percent of the yearly agricultural income. Northeast local products account for more than 26 percent of the value of all agricultural production. In all of China, local products account for about 30 percent of the total value of agricultural production.

In 1950, the trade organs of the People's Government undertook an energetic program of marketing local products. According to incomplete statistics, in one year the local products companies bought more than 370 million catties of local products and put more than 325 billion yuan into circulation. This stimulated the rural economy, raised the farmers' buying power, and supplied raw materials for industrial and agricultural production. At the same time, a large volume of this marketing was handled by the cooperatives, thus developing and strengthening them.

Increase of purchasing cannot be separated from sales promotion. There are two sources for the sale of local products: regular domestic demand and export for foreign exchange. In 1950, all local products companies handled a total of more than 190 million catties of commodities, carrying out sales which caused interarea local products to be exchanged on a large scale. In addition, a large amount of local products was handled by private merchants. According to statistics of the local products companies, exports of local products totaled more than 100 million catties. Commercial items handled by the local products companies consisted chiefly of alumina, peach seeds, cassia bark, and handicraft products.

The critical aspect of handling local products in 1950 was sales. Only a positive sales policy can open up markets, expand capital, and increase buying power. Before May this aspect was not clearly understood by local products offices. As a result, local products accumulated in all areas, impeding currency circulation. Capital tied up at that time was more than 22 percent of the total capital moving in the same period. This tie-up greatly effected purchasing and even caused farmers to leave some local products in the fields. But from May on, following the All-China Local Products Management Conference, clearer understanding of the need for encouraging sales resulted in an overall development of local products sales. All areas developed a number of methods for stimulating sales, including the following: examination of local needs and measurement of sales by buying power; maintenance of close contact with agencies concerned; opening new markets and reviving old markets; and encouragement of sales by local agents and sellers.

STAT

Also, because the volume of local products is large, the number of items varied, markets widely separated, and producing areas scattered, it is necessary to use all available means of stimulating sales, to organize a united effort, and to rely on the united action of the state-operated trade organs and the cooperatives to effect a selling and buying network.

In organizing private commerce, experience shows that it is necessary (1) to hold local products conferences or various kinds of discussion meetings to eliminate private considerations and to draw up trade agreements; (2) to organize joint buying and selling, concentrate capital, and increase the combined strength; and (3) to institute small-scale control by state-operated trade agencies in order to stimulate more marketing by private agencies. If all areas cooperate with private trade agencies, the power of these agencies should increase.

Finally, a crucial phase in encouraging sales is control of market prices of local products; it is also the most effective way of guiding production. Characteristics of local production are that it is cumbersome, seasonal, and often involves transportation problems. Thus, while controlling production, transportation, and selling profits is important, it is more important to control the profit of the trader. The basis of price control is rigid fixing of the price differentials between the producing areas in order to stimulate long-distance transportation by private traders. A concrete price policy can stimulate and regulate production and can raise the quality and value of the local products. In 1950, much experience was obtained in this field, although several poor results were produced which require attention.

(The following is from an article entitled "Rapid Development of Rural-Urban Commodity Flow in the Past Year," published by the Information Service, Ministry of Trade, in the Tientsin Chin-pu Jih-pao, 19 January 1952.)

In 1951, under the direct leadership and concrete organization of all levels of the People's Government, for the purpose of expanding rural-urban commodity flow, all regions held local products conferences, thereby collecting and exchanging experiences. Many areas also held local products exhibitions and conducted actual trading activity at such conferences and exhibitions. Under the guidance of the state-operated trade agencies, all areas carried out definite price policies, organized and developed private trade, organized long-distance and traveling marketing teams, set up local products marketing warehouses, formed area delegations composed of public and private individuals, set up jointly-operated trade concerns and shops in rural areas, organized credit markets, and made full use of local meetings and conferences to develop the flow of local products.

All economic units are striving to cooperate with this local products-trading activity; financial agencies have reduced some taxes and simplified tax collection; and the Ministry of Railways has reduced freight rates 20-50 percent on several items including fresh fish, persimmons, shan-cha, huang-ch'in, chih-mu, chai-hu, rhubarb, and sweet potatoes. The banks have stimulated the interest and faith of private trade in the credit and bills of exchange of some local-products enterprises.

As a result of the active leadership of the People's Government and the mutual cooperation of all economic agencies in carrying out a unified organizing operation, in the past half year it has been possible to develop the flow of goods and to expand sales of rural products. Thus, we have increased the farmers' buying power, stimulated the social economy, improved markets, and attained great success in destroying the plans of the US and its satellites in their blockade. With all areas carrying out these organizing activities, local-products sales are rising, old trade networks are being revived and new ones opened, and a new trade and economic system is being founded.

STAT

Within and among both public and private agencies, trade agreements have been fixed amounting to several trillions of yuan. At the conferences and exhibitions in Central-South China and East China, agreements and actual sales totaled more than 1,400,000,000,000 yuan. At the Northwest conference, more than 500 agreements were signed involving more than 120 kinds of slow-moving local products and totaling 250 billion yuan in value. Kiangsi, Honan, Hunan, Kwangtung, and Kwangsi exchanged trade amounting to 7,105,000,000,000 yuan. Peiping sent a group of commercial representatives to cities in 24 provinces, where they signed 368 agreements valued at 126,087,970,000 yuan.

The Northwest Department of Trade organized a trade inspection team in May which signed 128 agreements in Central-South China and East China covering 283 commodities valued at more than 67 billion yuan. At the same time, trade connections were set up with such distant places as Kirin, Fukien, Yunnan, Kweichow, and Sikang. The South China Area promoted sales of mangosteen, split rattan local cloth, rush mats, chinaware, betel nuts, t'ou-ts'ai, dates, and other slow-moving local products. The full value was more than 130 billion yuan. Hopeh Province purchased from the Central-South China Area products which that area had never marketed before, for instance, 400,000 cattles of black dates. All the other provinces and municipalities set up trade networks, signed agreements, and traded large quantities of commodities. On a national scale, marketing of local products was expanded and farmers produce was sold thus giving slow-selling local products a new means of recovery.

After local products received an organized sales promotion in all regions, more than 80 percent of the local products were sold (local products represent about 25 percent of the income of China's 390 million farmers), giving each farmer an average income of about 90,000 yuan from this source. This clearly shows the rise of rural purchasing power and the increase in meeting the needs of the farmers. The city of T'ia-ho in Honan increased by five times the number of iron wheeled carts in 1951 over 1950. In Hopeh, Shih-chia-chuang held a rural-urban trade conference in May 1951 at which the sale of farm implements exceeded that at a similar conference in 1950 by 25 times. As the farmer's life improves, his need for industrial goods increases. In 1950, Tientsin matches were a slow-moving item, but in 1951 production increased 300 percent and there was still a shortage.

Also, the farmers suffered from long feudal oppression in the past and had no opportunity for cultural study. Now, demand has increased for cultural items. Through government policies to extend education of the masses, cultural items are selling everywhere. In 1950, the average monthly production of fountain pens was 110,000 dozen but in 1951 the production was 400,000 dozen in July and August. In Juan-k'ou-ts'un in South Anhwei every farm family in this tea area has bought an average of two fountain pens.

Opening up the flow of goods and increasing sales of domestic markets have offset the blockade. Many export commodities which formerly went to imperialist nations now have found domestic markets. At the same time, many domestic substitutes have been found for industrial raw materials previously imported.

All this clearly shows that, in China, where the land is vast and goods are ample and where the small farm economy occupies the advantageous position, the broad expansion of commodity flow and the organized sale of farm products are the keys to an active socialist economy and the first requisites for national industrialization. This also clearly shows our power to break the US blockade and to insure the daily strengthening of our own independent economy.

STAT

D. Important Local Products of the Administrative Areas

(The following information is from a Hsin-hua News Agency Report, 26 January 1950.)

Northeast -- Excluding important export items and industrial raw materials such as cotton and hemp, Northeast products include fruits, gunny bags, reed mats, soda, and willow strips, totaling 105 varieties of local products.

(The following information is from the Shanghai Ta Kung Pao, 23 May 1950.)

North China -- Hemp; plaited grass for hats, sunflower seeds, melons, tobacco, *Lactua thunbergiana*, huai-mi [epiphyte on sophora?] noodles, soda, mushrooms, seaweed, persimmon cakes, chestnuts, jujube fruit, huang-chih, licorice root, peonies, *Siler divericatum*, chai-hu, *Polygonia tenuifolia*, jujube seeds, wu-chia-p'i [a liquor], chu-ling [a fungus], ephedra, tang-shen, *Rhemmania glutinosa*, huai-yao, asbestos, sulfur, alum, arsenic, gypsum, mica, and soapstone.

Northwest China -- Fungus, raisins, peach stones, mushrooms, licorice root, rhubarb, *Ligusticum acutilobum*, angelica, *Rivularia pictum*, crude lacquer, paper, and sulfur.

East China -- Hemp, tobacco, grass for hats, straw hats, noodles, *Lactua thunbergia*, dried bamboo shoots, bamboo articles, fresh ginger, rosin, capsicum, jujube fruit, walnuts, almond pits, persimmon cakes, dried fruits, sweet potatoes, hill haws, mushrooms, dried lichees, chestnuts, honey dates, dates, *Pachyma coca*, *Magnolia officinalis*, ts'un tung, *Adenophora palmata*, white alum, fo-shih, mandarin oranges, oranges, pomelos, apples, pears, loquats, pomegranates, olives, paper, tsung-p'i, hair nets, laces, embroidery, hams, chopsticks, and agar-agar.

Central-South China -- Tobacco, hemp, grass for hats, rosin, noodles, dried bamboo shoots, lotus seeds, pepper, ginger, bamboo articles, persimmons, cassia bark, ginkgo fruit, honey dates, mushrooms, sulfur, gypsum, arsenic, porcelain, paper, rush mats, grass mats, gunny bags, fish, sung-chai, and bean cakes.

Southwest China -- hemp, raw lacquer, pressed vegetables, tobacco, wax, galls, *Captis japonica*, and musk.

(The following information is from the Tientsin Chin-pu Jih-pao, 12 September 1951.)

Inner Mongolia Autonomous Area -- kaoliang, millet, buckwheat, beans, mules, sheep, pigs, animal oils, butter, cream, goatskins, sheepskins, civet skins, fox skins, badger skins, otters, squirrels, ho-tzu skins, rabbit skins, sheep wool, camel wool, chickens, frozen fish, sheep casings, pheasants, licorice, *Siler divericatum*, peonies, *scutellaria*, saponin, hemp thread, hemp, linen, soda, soda ash, salt peter, sodium sulfate, salt, a o-sai-yin [casein?], hides and leather, mushrooms, hazelnuts, hua-lien-ma, powdered beans, melons, noodles, *Lactua thunbergia*, turnips.

E. Expositions of Local Products

(The following information is taken from an article entitled "The Important Benefits of the 1951 Local Products Expositions," by Wu Chien-hua, of the Local Products Bureau, Ministry of Trade, published in the Tientsin Chin-pu Jih-pao, 21 December 1951.)

STAT

In 1951, all areas energetically promoted sales of local products in conformity with the important goal of strengthening domestic sales and stimulating rural-urban economy. By September, the leadership of the party and the government had sponsored a series of local products conferences from the hsien level down to administrative area level and some areas held local products expositions. Several important benefits were derived from these conferences and expositions, as follows:

1. Organization of commodity flow. According to incomplete statistics, the agreements and contracts signed at the conferences and expositions from spring until September were valued at over 10 trillion yuan; those concluded at expositions constituted a considerable majority.
2. Continued opening of more markets for the sale of slow-selling local products. A series of special conferences on local products helped to promote sales of slow-selling local products. At the same time, the expositions further organized the long-distance marketing of the larger areas. According to incomplete figures, more than 80 percent of the nation's local products have already been sold. Individual areas, such as East China with over 90 percent sold and Central-South China with more than 86 percent sold, have already found markets; for many local products the demand is greater than the supply. For certain slow-selling products, the problem is to reduce output or shift production to other products, or perhaps to stop production completely.
3. Overcoming the imperialist blockade. This was the first step in changing China's semicolonial economy to an independent economy. In the past, Central-South China's tung oil, cassia bark, ramie, mushrooms, anise, aniseed oil, and reeled silk all depended on foreign markets. Through conferences, domestic markets were opened. Hunan tung oil is now on sale in Tientsin. Shanghai paper industries formerly used imported wood pulp; after the conferences, they ordered 24.4 billion yuan worth of bamboo pulp from Kiangsi and South Anhwei thus solving the problem of raw materials. Also, Kwangtung grasses were substituted for certain imported cloths and North Kiangsu mica was used in place of imported mica. Resin formerly imported from America was replaced by Kwangtung resins; in fact, these were even exported to the Soviet bloc.
4. Increasing the farmer's buying power. This opens new sources for industrial sales, stimulates urban-rural economy, eliminates the old slack seasons, and increases income.
5. Education of the masses, elevation of their patriotic thought, and strengthening the ties between all levels of the people. Records show that more than 5,840,000 persons attended the expositions in East China (Shanghai, North and South Anhwei), Central-South China (Wu-han, Kiangsi, Honan, Hunan, Kwangtung), Southwest China (Chungking), and North China (Shansi). These included workers, farmers, soldiers, students, etc. from all levels. Those attending the expositions became aware of the abundance of goods, the constructive force of labor, and related factors of political propaganda, and thus increased their appreciation of the fatherland and raised their faith in the new China.

The various expositions concentrated on organizing the flow of local products and followed a course of guiding production. However, now that the routes of trade in local products have all been opened, production of some local products cannot meet the demand. Thus the important problem is no longer commodity flow but production; i.e., raising unit production and expanding over-all production to meet the demands of the market. The aim of future expositions should be to organize and lead production. For this purpose, we should work toward the following:

STAT

1. We should systematically combine scientific techniques and labor experiences to solve the problems of production, transportation, and sales. Furthermore, higher quality must be combined with increased unit production.

2. We should organize worker-farmer participation, especially the participation of farmers. We must emphasize the participation of labor models, utilize joint or separate worker-farmer conferences, exchange work experiences, explain the relationships between urban and rural production and the political relationships between workers and farmers, and stimulate mutual agreements between farmers and workers.

3. Within the scope of national planning, we should carry on trade, export and sales of local products, and maintain an equitable distribution of commodities which are in short supply.

4. To meet Chairman Mao's call to increase production and practice austerity, we must carefully plan future expositions and let one exposition give rise to another, so that small local fairs contribute to the large expositions. If all localities emphasize such natural growth and plan the contents of the expositions, expenses can then be reduced and effective instruction of the masses can be realized.

Local Products Expositions
in Six Administrative Areas and South China, 1951

<u>Name</u>	<u>No of Halls</u>	<u>Location</u>	<u>Date Held</u>	<u>Attendance (in ten thousands)</u>	<u>Value of Contracts (100 mil- lion yuan)</u>
Northwest Economic Reconstruction Exposition (*1)	7	Sian	15 Feb- 15 Mar	118	33
Southwest Local- Products Exposi- tion (*2)	9	Chungking	20 Apr- 7 May	10	10
Shanghai Local Products Exposi- tion (*3)	16	Shanghai	10 Jun	305	6,776
Central-South China Local Products Ex- position (*4)	15	Hankow	28 Jun- 10 Sep	70	8,129
Northeast Commodity- Flow Exposition (*5)	15	Mukden	15 Sep- 15 Dec	65	23,777
North China Urban- Rural Exposition (*6)	17	Tientsin	5 Oct- 20 Nov	100	15,600
South China Local Products Exposition (*7)	10	Canton	14 Oct- 14 Feb	215	11,831

(*1) From letters dated 17 March 1951 and 7 February 1952 from the editor of the Sian Ch'un-chung Jih-pao. Because of inclement weather, the exposition actually was open only 22 days

(*2) From a report in the Chungking Ta Kung Pao dated 9 May 1951

STAT

- (*3) From a report in the Peiping Jen-min Jih-pao dated 16 August 1951
- (*4) From a report in the Hankow Ch'ang-chiang Jih-pao dated 11 September 1951
- (*5) From a report in the Mukden Tung-pei Jih-pao dated 16 December 1951
- (*6) From a report in the Peiping Jen-min Jih-pao dated 27 November 1951
- (*7) From a report in the Canton Nan-fang Jih-pao dated 15 February 1952

List of Halls at Local Products Expositions

[NOTE: The following list represents excerpts taken from the list given in the handbook.]

Northwest Economic Reconstruction Exposition

- Hall 1. Agriculture and Forestry
- Hall 2. Water Conservation
- Hall 3. Animal Husbandry
- Hall 4. Industry
- Hall 5. Communications
- Hall 6. Trade
- Hall 7. Finance

Southwest Local Products Exposition

- Hall 1. Mountainous Area Raw Materials
- Hall 2. Animal Products
- Hall 3. Foodstuffs
- Hall 4. Herbs and Medicines
- Hall 5. Oils and Fats
- Hall 6. Silk
- Hall 7. Handicraft Products
- Hall 8. Cotton
- Hall 9. Mining

Shanghai Municipal Local Products Exposition and Trade Conference

- Hall 1. Urban-Rural Exchange
- Hall 2. Foodstuffs
- Hall 3. Food Products
- Hall 4. Handicraft Products
- Hall 5. Handmade Art
- Hall 6. Fruits and Vegetables
- Hall 7. Herbs and Medicines
- Hall 8. Forest Products
- Hall 9. Tobacco and Tea
- Hall 10. Sea Products
- Hall 11. Meat, Milk, and Egg Products
- Hall 12. Animal Husbandry
- Hall 13. Industrial and Mining Raw Materials
- Hall 14. Cotton, Hemp, Silk, and Wool
- Hall 15. Agricultural Production Materials
- Hall 16. Commodities of Daily Use

STAT

Central-South China Local Products
Exposition and Trade Conference

- Hall 1. General
- Hall 2. Agriculture and Forestry
- Hall 3. Tobacco and Tea
- Hall 4. Oils and Fats
- Hall 5. Textiles
- Hall 6. Foodstuffs
- Hall 7. Animal Husbandry
- Hall 8. Herbs and Medicines
- Hall 9. Industry and Mining
- Hall 10. Sea Products
- Hall 11. Handicraft Products
- Hall 12. Handmade Arts
- Hall 13. International
- Hall 14. Cooperatives
- Hall 15. Communications

Northeast Commodity Exchange Exposition and Conference

- Hall 1. General
- Hall 2. Industry No 1
- Hall 3. Industry No 2
- Hall 4. Industry No 3
- Hall 5. Industry No 4
- Hall 6. Industry No 5
- Hall 7. Industrial Raw Materials
- Hall 8. Grains and Food Crops
- Hall 9. Sea Products
- Hall 10. Forest Products
- Hall 11. Fruits and Vegetables
- Hall 12. Agricultural Tools
- Hall 13. Animal Husbandry
- Hall 14. Furs and Hides
- Hall 15. Herbs and Medicines

North China Urban-Rural Commodity Flow Exposition

- Hall 1. Commodity Exchange
- Hall 2. Agricultural Production Materials
- Hall 3. Industrial and Commercial Development
- Hall 4. Interarea Trade
- Hall 5. Fresh and Dried Products
- Hall 6. Herbs and Medicines
- Hall 7. Sea Products
- Hall 8. Animal Husbandry
- Hall 9. Industrial Crops
- Hall 10. Foodstuffs
- Hall 11. Disaster Prevention
- Hall 12. Cotton
- Hall 13. Cotton Textiles
- Hall 14. Agricultural Improvement
- Hall 15. Commodities of Daily Use
- Hall 16. Handicraft Products
- Hall 17. Heavy Industry

STAT

South China Special Local Products
Exposition and Trade Conference

- Hall 1. Commodity Exchange
- Hall 2. Industry and Mining
- Hall 3. Forestry Products
- Hall 4. Agriculture
- Hall 5. Foodstuffs
- Hall 6. Sea Products
- Hall 7. Fruits and Vegetables
- Hall 8. Handicraft Products
- Hall 9. Commodities of Daily Use
- Hall 10. Interprovince Exchange

F. National Customs Offices

1. Man-chou-li Customs; control. Hai-la-erh Branch Customs
2. Sui-fen-ho Customs
3. T'u-men Customs; controls K'ai-shan-t'un, San-ho-ts'un, Nan-p'ing, and Hun-ch'un Branch Customs
4. Chi-a. Customs; controls Ch'ang-pai, Lin-chiang, and Hsia-chieh-fang Branch Customs
5. An-tung Customs; controls San-tao-liang-t'on Branch Customs
6. Dairen Customs
7. Ying-k'ou Customs
8. Mukden Customs; controls Harbin and Tsitsihar Branch Customs
9. Tientsin Customs; controls Ch'in-huang-tao and T'ang-ku Branch Customs
10. Peiping Customs
11. Tsingtao Customs; controls Yen-t'ai and Lien-yun-kang Branch Customs
12. Shanghai Customs; controls Wu-sung, Ming-po, and Wen-chou Branch Customs
13. Foochow Customs; controls Han-chiang and San-tu-ao Branch Customs
14. Amoy Customs; controls Chin-chiang Branch Customs
15. Wu-han Customs
16. Shan-t'ou Customs
17. Canton Customs; controls Huang-pu Branch Customs
18. Kowloon Customs; controls Wen-hsi-tu Branch Customs
19. Chiang-men Customs; controls Kung-pei Branch Customs
20. Pei-hai Customs; controls Tung-hsing Branch Customs
21. Wu-chou Customs

STAT

22. Cuan-chiang Customs
23. Hai-k'ou Customs
24. K'un-ming Customs; controls Ta-lo, Meng-lien, Ho-k'ou, and Ma-kuan Branch Customs
25. T'eng-ch'ung Customs; controls Yuan-t'ing, Meng-ang, Che-tao, Hou-ch'iao, and Chen-k'ang Branch Customs
26. Ti'hua Customs; controls Ho-erh-kuo-ssu, I-mi, T'a-ch'eng, Pa-k'o-t'u, Ch'eng-hua, Chi-mu-nai, K'o-shih, I-t'ang, Hu-mi, and Wu-su Branch Customs

G. Foreign Trade

China's foreign-trade development in the 2 years since the founding of the country has already basically changed the semi-colonial status of the past and is effectively assisting the recovery and development of the domestic economy.

In 2 years, through a policy of controlling and protecting foreign trade, China has begun to show a favorable balance for the first time in 73 years. In 1950, the excess of exports was 9.34 percent of the total import-export value. In 1951, trade expanded with the Soviet bloc and treaties were signed with the USSR, Czechoslovakia, Hungary, Poland, East Germany, and Korea.

With the friendly assistance of the Soviet Union, trade between China and the Soviet bloc nations rapidly developed. China received large amounts of industrial equipment, raw materials, and transportation equipment from the Soviet bloc. These items constituted more than 97 percent of the total amount of the 1950 Sino-Soviet Trade Agreement. The value of China's trade with the Soviet bloc is based entirely on the 1950 agreement and is not subject to the inflationary influences of the capitalist markets.

China's chief exports to the Soviet bloc are agricultural and secondary industrial commodities. Exports to the Soviet bloc increased greatly in variety and total amount from 1950 to 1951. Many local products never before shipped to these countries were sent in 1951; some of these items were sold in a volume never before reached in China.

China's achievements in foreign trade during the past 2 years have been a heavy blow to the imperialist economic blockade. In America the market price of bristles and tung oil rose by more than 50 percent in September 1951 as compared with November 1950, showing that the US is clearly suffering from its own blockade.

STAT

Breakdown of Imports (in percent of total)*

<u>Year</u>	<u>From USSR</u>	<u>From New Democracies</u>	<u>From Capitalist Nations</u>
1950	19.84	1.37	78.79
1951	44.70	25.30	29.90

Breakdown of Exports (in percent of total)*

<u>Year</u>	<u>To USSR</u>	<u>To New Democracies</u>	<u>To Capitalist Nations</u>
1950	26.58	3.87	69.55
1951	51.51	26.43	22.06

* Taken from a Hsin-hua News Agency report, 29 September 1951

Monthly Breakdown of 1951 Foreign Trade (in percentage of total)

<u>Period</u>	<u>Total Import-Export</u>	<u>Import</u>	<u>Export</u>	<u>Balance**</u>
Full year*	100.00	47.77	52.23	9.34 Ex
Jan	100.00	100.00	100.00	19.52 Ex
Feb	125.23	97.93	148.08	80.73 Ex
Mar	116.44	78.13	148.50	127.17 Ex
Apr	115.03	96.71	130.35	61.09 Ex
May	153.63	116.44	184.82	89.63 Ex
Jun	125.18	105.34	141.78	60.88 Ex
Jul	183.26	168.96	195.22	38.10 Ex
Aug	264.67***	288.76	244.51***	1.21 Ex***
Sep	232.76	244.69	222.79	8.82 Ex
Oct	275.63***	348.84***	214.65	36.11 Im***
Nov	251.94	250.64	253.02	20.66 Ex
Dec	360.67	520.08	227.30	91.43 Im

* Full-year figures are taken from a Hsin-hua News Agency report dated 6 May 1951; the other figures are from the Hsin-hua Yueh-pao of April 1951.

** In the balance column a balance in exports is compared with total imports; a balance in imports is compared with total exports.

*** Corrected figures

STAT

Important Export Items for 1951*

<u>Item</u>	<u>Amount (in 10,000 metric tons)</u>
Coal	743
Soybeans	248
Peanuts	25
Tea	10
Tung oil	10
Salt	10
Egg products	7
Antimony	2
Raw silk	1

* Taken from the report of Nan Han-ch'en at the International Economic Conference as recorded by the Hsin-hua News Agency, 6 April 1952

(The following is taken from an editorial in the 17 April 1952 Tientsin Chin-pu Jih-pao.)

The International Economic Conference, held 3-12 April in Moscow, achieved important successes. This conference struck a hard blow at the US imperialist war preparations, its aggressor economic policy, and especially at its reactionary policy of putting artificial trade barriers between the peaceful democratic states and the capitalist countries. The conference report, the conference letter to the UN, and the international trade committees arising from the conference all show that the achievements of this meeting are only a beginning. The people of the world, on the basis of this conference, will achieve victory in the struggle against the reactionary economic policies of militarist blockades and restriction of international trade.

A total of 71 industrial and commercial personnel, economists, and union and cooperative workers from 49 nations took part in this conference. The conference discussed means whereby each nation could expand trade and means for developing steady international trade, especially between the capitalist nations and the New Democracies and between the advanced nations and the economically backward nations. Such development would aid production expansion in every nation, increase employment, and reduce the high costs of living.

At the conference, the representatives of the USSR, China, and the other People's Democracies discussed the policy of the camp of peace to develop trade on a basis of equality and mutual profit. The speeches of these representatives not only received the attention of the conference but also had a great effect throughout the world. All representatives at the conference and all the imperialist publications actively discussed these speeches. Thus, the people of all nations were made more aware of the possibility and importance of developing peaceful international trade. Even a Japanese capitalist newspaper under US imperialist control expressed strong dissatisfaction with US and Japanese reactionaries because of their blockade policy. Our policy of trade on an equal, mutual-profit basis was understood and accepted by increasing numbers of people after this conference. The US's policy of war preparation and economic aggression will attract fewer people and the warmongers will be increasingly alone. All the peaceful democratic nations have already signed trade treaties with the capitalist countries (chiefly Western Europe). Nan Han-ch'en, China's chief representative, pointed out in talks after the conference that our trade agreements with England, France, and Switzerland total in value more than 160 million US dollars. This sort of trade will continue to develop under the pressure of the trade committees of this conference.

STAT

Trade Agreements Made at Conference

<u>Country</u>	<u>Value of Trade</u>
England	20 million English pounds (*1)
France	8 million English pounds (*2)
Belgium	--
Netherlands	4.6 million English pounds (*3)
Switzerland	--
Ceylon	--
Indonesia	--
Pakistan	--
Finland	--
Italy	--

Total 223 million US dollars (*4)

- (*1) Taken from a Hsin-hua News Agency report of 9 April 1952. The report also stated that our representatives and the English agreed on trade in 1952 amounting to 10 million pounds, the trade to be completed by 31 December 1952. The trading items would be based on the following fixed percentages: (a) English exports to China -- textiles, 35 percent (including wool, felt, cotton yarn and cloth, wool yarn, and nylon); chemicals, 30 percent; metals, 35 percent (including all metals except copper and aluminum); (b) Chinese exports to England -- coal, bristles, and casings, 25 percent; frozen eggs, eggs, and egg products, 20 percent; other products, 55 percent.
- (*2) Taken from a report of the Hsin-hua News Agency dated 14 April 1952. The report further stated that our representatives and the French concluded a trade agreement amounting to 8 million English pounds. From France China will import metals, machinery, medicines, and raw materials for medicines. China will export to France silk, tea, animal products, oils, seeds and pits, handicraft articles, manganese, and other products.
- (*3) Taken from a Hsin-hua News Agency report dated 15 April 1952. The report further states that our representatives continued to carry on trade discussions after the conference had closed. On 14 April an agreement was made with the Netherlands amounting to 4.6 million English pounds. To the Netherlands China will ship soybeans, bean cake, peanuts, peanut cake, silk, sheepskins, handicraft articles, tung oil, egg products, tobacco, porcelain, and rugs. To China the Netherlands will ship refined sugar, paper, chemical raw materials, fertilizers, raw materials for medicines, and metals.
- (*4) Taken from a Hsin-hua News Agency report dated 19 April 1952.

H. Cooperative Societies

(Most of the following figures are complete only as of the third quarter 1951; full-year statistics are estimates.)

STAT

Item	Data
No of basic cooperatives	36,000 (*1)
No of cooperative members	80 million (*2)
Membership by administrative area (% of total)	
Northeast	34.1 (*2)
Inner Mongolia	27.9 (*2)
North China	23.3 (*2)
East China	11.2 (*2)
Central-South China	Under 10 (*2)
Northwest	Under 10 (*2)
Membership increase over 1950	140 (*2)
No of joint cooperatives, general offices, and administration office above hsien and municipal level	1,466 (*1)
No of cooperative business agencies	80,000 (*2)
No of members of cooperative cadres	300,000 (*2)
Value of retail trade	418 million yuan (*1)
Increase over 1950	200 % (*1)
Value of government loans (in the five administrative areas outside the North- east) for distribution of fertilizer	570 billion yuan (*1)
Amount in excess of quota	310 billion yuan (*1)
Amount of buying agreements	
Cotton	4.92 million piculs (*2)
Hemp	1.33 million piculs (*2)
Tobacco	500,000 piculs (*2)
Value of reserves set aside for	
Education	16 billion yuan (*4)
Reconstruction	20 billion yuan (*4)
Compensation	20 billion yuan (*4)
Value of 1952 state loan for fertilizer	1.5 trillion yuan (*5)
Value of fertilizer distributed	3.6 trillion yuan (*5)
Amount of oil cake distributed (% of total used)	Over 40 (*5)
Amount of chemical fertilizer distributed (% of total used)	Over 90 (*5)

STAT

<u>Item</u>	<u>Data</u>
Planned application of above ^{2%} fertilizers	
Cotton fields (*5)	
Percent	38.5
Amount	8.25 million piculs
Rice fields (*5)	
Percent	33.5
Amount	4.4 billion catties
Wheat fields (*5)	
Percent	17.1
Amount	1.2 billion catties
Tobacco, hemp, sugar, and tea (%)	10.9

- (*1) From the article "Strive to Prepare the Groundwork for 1952 Cooperative Plans," by Chang Li-shen, in the Chung-yang Ho-tso T'ung-hsün, January 1952
- (*2) From the article "The Past and Future of Cooperative Organization," by Ch'en I-fau, in the same publication
- (*3) From the article "Achievements of Cooperative Sales Promotion in the Past Year" by Liang Yao in the same publication [the table in the handbook does not identify the data taken from this source]
- (*4) From the article "Conditions and Problems in Present Cooperative Financial Work," by Huang Chao-hsing, in the same publication
- (*5) From the All-China Central Cooperative Fertilizer Supply Conference

I. Fixing Receipts and Disbursements in Terms of the Market Price of Foodstuffs

(The following information is taken from a Hsin-hua News Agency report dated 30 September 1950.)

The Government Administration Council of the Central People's Government observed that, after May 1950, food prices gradually dropped throughout the nation and that by August the drop in six major cities (Peiping, Shanghai, Tientsin, Hankow, Canton, and Chungking) amounted to about 12 percent. Other items, especially industrial items, remained stable or rose slightly. To protect government organs, factories, troops, schools, and wages, and to strengthen both the people's livelihood and the financial planning of the government financial organs, it was decided to adjust the market price of foodstuffs for use in financial receipts and disbursements and put such adjustment into effect 1 October 1950. The important features of the measure are as follows:

1. All receipts and disbursements of all agencies, including wages, living expenses, and economic reconstruction investments, will be calculated on the basis of food costs. Each agency will use the May 1950 price of the local financial food item (Peiping will use 55 rice; each area will use the foodstuff

STAT

previously designated the financial transaction foodstuff) as the base figure. Regardless of future drops in food prices, the May 1950 price will be used as a standard. If prices rise, the higher price will be used.

2. All financial transactions, including business profits and taxes, based on the price of foodstuffs will be handled in accordance with the above method. However, commodity taxes, customs taxes, salt taxes, and other taxes originally calculated only in terms of currency will still be calculated in terms of currency. Industrial and commercial taxes originally calculated in terms of the total amount of business transactions will still be so calculated. However, when local financial agencies forward these taxes, the correlating of currency to foodstuffs will be done in accordance with the May 1950 price of the financial food item.

J. Directive Concerning the Comparative Prices of Grain and Cotton and the Taxes in Kind for Cotton Fields in 1952

(The following was announced by the Committee of Finance and Economics of the Government Administration Council, 12 March 1952.)

The national cotton production in 1951 exceeded the plan. The 1952 quotas must maintain the 1951 level of cotton-planted area and still fulfill the food-production increase planned for 1952. This must be done by increasing unit area production for cotton and food. For this purpose, the comparative prices of food and cotton and the taxes in kind for cotton are fixed as follows:

1. Comparative Prices for 1952

<u>Area</u>	<u>Type of Grain</u>	<u>Exchanged per Catty of 7/8-Inch Medium-Grade Cotton</u>
Hopeh, Pingyuan, Shantung	Millet*	8-9 catties
Shansi (Central and South)	Millet*	8.5-9.5 catties
	Wheat	7.5-8.5 catties
Shensi, Honan	Wheat	7.5-8.5 catties
Hopeh, Kiangzi, Hunan	Hulled medium rice**	8-9 catties
North Kiangsu, South Kiangsu, North Anhwei, South Anhwei, Chekiang	Common medium rice	8-9 catties
Southwest and Northeast	To be self-determined	

* In millet-growing areas, rice prices will be fixed in accordance with local rice prices; after 1 December, these will be recalculated according to the new rice prices.

** Hulled medium rice is equivalent to No 2 machined rice

2. The comparative values quoted above will be used by state-operated trade companies and cooperatives in buying cotton and selling food to the farmers. These figures also give the actual value of the farmers' income from cotton sales, regardless of season. Food prices in contingent areas (such as Hopeh, Shantung, and Pingyuan) will be regulated from time to time by the Ministry of Trade to guarantee stability of cotton prices.

STAT

3. The administration of the decisions and the protection of the comparative prices in all areas will be carried out by the Ministry of Trade. Cooperatives will carry out advance buying and credit buying under the assistance of the state-controlled trade agencies, such buying to be based on conditions of national cotton production and markets. When cooperatives buy cotton in advance, all levels of agricultural workers should help mobilize the farmers to sign buying agreements. In areas where the trade agencies and the cooperatives are weak, all levels of the government should assist the trade agencies and the cooperative societies in insuring full administration of the comparative price system.

4. A policy of price equal to quality will be carried out, increased attention will be paid to evaluation techniques, and care will be taken to give a satisfactory price for the value of goods. The methods of fixing price differentials between fiber cotton and seed cotton and for high-quality seed cotton will be carried out in accordance with the joint directives of the Ministries of Agriculture and Trade of 1950.

5. In order to have a suitable ratio in tax payments in kind for cotton and food-crop fields and to protect the cotton-planting areas, the following system is decreed:

Areas which in the past were assessed 11 percent or more of the amount of cotton to be produced will retain the old system. Assessments on areas which were taxed less than 11 percent will be raised to 11 percent. The methods will be fixed by each administrative area on the basis of actual conditions and will be effective when approved by this committee.

All levels must assist in carrying out these decisions and shall instruct the farmers and raise the positive nature of the farmers' efforts to increase cotton production to insure the fulfillment of the quotas for cotton and food planting.

K. Reasons for the New Decisions on the Taxes in Kind for Cotton in 1952

(The following correspondence appeared in the Peiping Jen-min Jih-pao, 2 April 1952.)

Question by Jen-min Jih-pao reader:

On 12 March 1952, the Committee of Finance and Economics published a directive on the taxes in kind for cotton fields for 1952. The new 1952 taxes in kind for cotton were published therein. The directive stated that areas previously taxed 11 percent or more would retain the old system and that taxes on areas previously taxed less than 11 percent would be raised to 11 percent. Why raise the tax on those previously taxed less than 11 percent? Please answer.

Answer of Jen-min Jih-pao editor:

This decision of the Committee of Finance and Economics was aimed at regulating the tax burden on cotton and food-crop areas and insuring that the burden would be equal between the two and between two given cotton areas. Before 1951, the Central Government collected agricultural taxes on the basis of food-crop production to reduce the burden of cotton growers. At that time, this encouraged cotton planting and guaranteed fulfillment of the plans and supply of the needs of the cotton industries. On the other hand, as a result of the rapid increase in the cotton area, an improper balance arose in many areas between cotton taxes and foodstuff taxes. In the Hopeh, Honan, and Shensi cotton areas, 100 catties of rice or 20-30 catties of cotton can be produced on the same mou of land. This amount of cotton is equivalent to 200-300 catties of rice or 2-3 times the income from the field in rice. In comparison with food-producing fields, the tax on cotton-producing fields should be considerably lower.

STAT

For example, in 1951 the rate for tax in kind on food-producing fields in North China was, on the average, about 16 percent of the expected production, while the same tax on cotton was 5-8 percent. In certain areas south of the Yangtze where cotton planting was not suitable, the cotton was inferior in quality to that of North China, Shensi, Honan, Shantung, and Hupeh. This accounted for a considerable discrepancy between food and cotton tax incomes. If such a situation were not remedied, it would encourage blind expansion of cotton planting and be quite unprofitable to the nation's agricultural planning.

In 1952, the basic need of agriculture will be to increase unit area production. Food production especially must be increased; thus, planted area cannot be reduced. Therefore, it will be impossible to increase area planted to industrial raw materials or export crops. The adjustment of taxes will prevent the increase of area planted to cotton and will tend to increase the production per unit area.

This decision on cotton taxes, although increasing the burden in some areas, still provides a somewhat lighter tax burden than that on food-producing fields. In other words, cotton planting is still profitable. All levels of the People's Government and all cadres of the agricultural and tax organs should explain these principles to the farmers, clarify the policy, and insure profitable implementation of the cotton tax policy.

L. Stabilization of Commodity Prices

(The following is taken from an article, "Discussing the Price Question," by Ch'en Ch'un, in the Shih-shih Shou-ts'e, No 3, 1952.)

In 1951, according to Ministry of Trade statistics, price of important commercial items rose an average of 13.8 percent. This increase is considerably lower than the 93.2-percent rise in 1950 and the 1949 inflationary rise of several hundred percent. Price conditions are improving yearly.

In 1950, the nation's commodity prices began to be stabilized; the most stable items were items of daily use such as cloth, foodstuffs, salt, and fuel. In 1951, stabilization extended to other items. Prices of commodities of daily use, such as pork, sugar, fruits, and cloth and other essentials, also remained stable. Some of these commodities actually dropped in price. For instance, in September and November the state-operated trading companies lowered the prices of oil twice and salt and sugar once. Thread and cloth prices also dropped in November. Also, those in nonproducing areas can now have apples, oranges, bananas, and pears at just prices.

From August to the end of 1951, the state-operated trading companies lowered prices three times on important industrial items, reconstruction materials, and industrial fuels. These items included petroleum, gasoline, steel plates, iron pipe, and coal. After these price drops, market prices also fell. After expansion of the scope of price stabilization, we not only were able to eat better and dress better, but also, as the cost of industrial production items fell, we were able to hasten the recovery and development of our economic reconstruction. This is in distinct contrast to 1950.

The reason for being able to stabilize prices in 1951 is very simple and stimulating. The state-controlled trade agencies had already taken leadership of the markets. The prices of the state-operated trade companies could regulate

STAT

the fluctuations of market prices and thus insure that all prices would be profitable to national reconstruction and to the people's livelihood. In contrast to the past, prices are not subject to the willful manipulations of speculators.

A large amount of goods is controlled by the state-operated trading companies, and they exercise considerable control of the market. To stabilize prices, the government and the people have struggled for the past year with great success. In regard to the important commodities, cloth and thread, the Government Administration Council in January 1951 ordered organized buying of the nation's cotton yarn. This order concentrated all thread production in government hands and blocked speculation and market manipulation. After new cotton had reached the markets, the farmers in the cotton areas started a campaign to sell cotton and store cotton for future sale to the government. After the autumn of 1951, monthly purchases of cotton by the government increased by 70-200 percent over 1950. Responding to the call of the government and the unions, the nation's textile workers in November and December 1951 began a movement to increase production. The textile workers worked hard, enabling the state-controlled trade enterprises to increase their strength. Also, the food bought by the government in 1951, especially wheat, also exceeded the 1950 amounts. In addition, the Soviet bloc nations in 1951 shipped us large quantities of industrial material, cotton, and cloth, greatly assisting our efforts at price stabilization.

However, 1951 prices still rose by more than 13%. The basic reason is that portions of our industrial production could not meet the increasing demands of the people. After the completion of the major share of land reform and the rapid recovery of industrial and agricultural production, the workers' income increased greatly. According to fairly reliable statistics, the farmers' purchasing power in 1951 was at least 30 percent higher than in the past. Now, their income, in addition to maintaining the past standard of living, is still sufficient for new clothes, cloth for the women and children, white-flour dumplings, hot-water bottles, and window glass. Some farmers acquired livestock, plows, carts, hoes, and water lifts.

Real wages of the workers also increased. For example, the basic wage in the Northeast in 1951 increased more than 15 percent. Thus, what used to be overproduction is now considered underproduction. Also, because our nation's existing industry could never supply the people's needs, after the liberation the recovery of industry could keep up with neither the increasing supply of agricultural items nor the rise in farmers' purchasing power. For these reasons, some industrial items increased in price and caused a 13.8 percent rise in the average commodity price index. Thus, it is evident that price rises in 1951 were unavoidable results of continuing economic improvement and rapid production recovery.

Stabilization of prices also explains currency stabilization and the stabilization of JMP. With the increasing stability of the currency and of commodity prices, the faith of the people in JMP increased. Deposits increased in the People's Banks everywhere. At the end of 1951, deposits in the People's Banks were more than 200 percent of the deposits at the end of 1950.

Price stabilization is also a general achievement of all phases of the national economic reconstruction. In 1951, since national expenditures and receipts have almost balanced, production has progressively recovered, land reform has been speeded up, urban-rural trade has expanded, 80-90 percent of all local products are marketed, and our trade with the Soviet bloc has increased. Thus, even though we are in the midst of war and are spending much on defense, industrial reconstruction, and the liberation of Tibet, our prices have remained stable. This again proves the excellence of our new democratic system.

STAT

IV. BANKING, WAGES, AND INSURANCE

Monthly Averages for Deposit Parity in Seven Major Cities,
1949-1951 (in yuan)

Date (*1)	Shanghai (*2)	Tientsin (*3)	Wu-han (*4)	Canton (*5)	Peiping (*6)	Chungking (*7)	Sian (*8)
1949							
Mar	--	91.4	--	--	--	--	--
Apr	--	106.61	--	--	100.66	--	--
May	--	221.89	--	--	227.79	--	--
Jun	341	247.67	518	--	252.69	--	--
Jul	733	409.08	766	--	390.03	--	480
Aug	823	781.63	729	--	753.24	--	765
Sep	793	749.28	709	--	764.62	--	811
Oct	821	827.39	897	--	847.08	--	985
Nov	1,993	2,277.75	1,973	--	2,043.65	--	2,399
Dec	2,861	3,003.44	3,102	4,074	3,130.08	--	3,570
All year	1,195	871.51	1,242	4,074	945.54	--	1,502
1950							
Jan	3,973	3,487.35	2,552	4,132	3,616.21	2,254	4,880
Feb	5,799	5,216.06	4,047	7,374	5,117.60	4,709	7,674
Mar	6,229	6,099.13	5,021	9,887	6,408.58	6,976	8,329
Apr	5,680	5,587.35	4,019	7,205	5,626.57	5,584	6,479
May	5,386	5,161.21	3,700	6,511	5,135.00	5,171	5,305
Jun	5,238	5,017.22	3,525	6,195	5,017.00	5,291	4,841
Jul	5,181	4,801.48	3,571	6,415	4,863.00	5,155	4,779
Aug	5,200	4,737.62	3,505	5,931	4,723.00	5,192	4,800
Sep	5,036	4,731.30	3,227	5,673	4,715.00	4,748	5,042
Oct	4,967	4,894.50	3,326	5,456	4,893.00	4,832	5,331
Nov	5,003	5,091.00	3,532	5,379	5,131.00	4,930	5,644
Dec	4,982	5,142.01	3,649	5,393	5,149.00	4,858	5,872
All year	5,223	4,997.19	3,639	6,293	5,033.00	4,975	5,748

STAT

Date (*1)	Shanghai (*2)	Tientsin (*3)	Wu-han (*4)	Canton (*5)	Peiping (*6)	Chungking (*7)	Sian (*8)
1951 (*9)							
Jan	5,027	5,491	3,703	5,157	5,392	4,961	6,149
Feb	5,036	5,495	3,695	5,178	5,404	5,002	6,175
Mar	4,994	5,492	3,764	5,180	5,380	5,189	6,175
Apr	5,215	5,723	3,768	5,377	5,512	5,492	6,408
May	5,221	5,755	3,781	5,565	5,511	5,718	6,425
Jun	5,331	5,718	3,810	5,570	5,511	5,823	6,425
Jul	5,403	5,713	3,842	5,587	5,505	5,926	6,434
Aug	5,458	5,869	3,758	5,634	5,671	5,795	6,584
Sep	5,455	5,986	3,723	5,545	5,841	5,498	6,646
Oct	5,452	6,063	3,741	5,530	5,861	5,510	6,688
Nov	5,432	6,11	3,753	5,574	5,873	5,813	6,701
Dec	5,452	6,123	3,791	5,507	5,880	5,794	6,763
All year	5,297	5,795	3,761	5,450	5,612	5,543	6,464

(*1) All monthly and yearly averages have been calculated by the editor. Since Tientsin and Peiping originally carried the fractions out to two places, these averages were handled in the same way. The other cities were calculated to the nearest whole number.

(*2) The posted value of the parity in Shanghai is based on the market value, on the day before posting, of one sheng of white rice (1.56 market catties after 1 October 1950), one foot of 12-pound (weight of bolt?) Lung-t'ou cloth, one ounce of local peanut oil, and one catty of ordinary coal balls (12 ounces of coke after 2 November 1950).

(*3) The posted value in Tientsin is based on the wholesale market value of one catty of ordinary flour, one foot of fine Wu-fu cloth, and one catty of corn meal; the average value of the preceding 5 days is used. As of 3 April 1950, the Tientsin People's Bank also published the new value based on that day's prices; as of 4 April 1951, the old value on the 5-day average was no longer published. In this table, the old value is used for 1949 and 1950, and the new value, for 1951.

(*4) The posted value in Wu-han is based on the price of 1 1/2 catties of rice, 4 inches of fine Lung-t'ou cloth, .5 ounce of hempseed oil, .5 ounce of Huai salt, and 3 catties of coal balls. The rice is priced by the Retail Trading Company; prices of the others are based on market retail prices.

STAT

- (*5) The posted values in Canton are based on the market prices, for 5 days preceding, of one market catty of Yu-chan rice, 1/2 market foot of 12-pound [weight of bolt?] Ta-p'eng cloth, 4 market ounces of local peanut oil, one market catty of pine firewood, and one market catty of Shan-wei salt. As of 6 May, the calculations will be made on the wholesale prices of the preceding day.
- (*6) The posted values in Peiping are based on the wholesale prices of one market catty of Wan-shou-shan rice, one market catty of corn meal, and one market foot of Factory 2 Wu-fu cloth. The average is taken of prices for the 5 days preceding. On 27 April 1950, a new value will be published based on the prices of that date. The old value will not be published after 26 April 1951. In this table, the old value is used for 1949 and 1950, and the new value for 1951.
- (*7) The posted value in Chungking is based on the average market price, for 5 preceding days, of 3 market catties of high-grade rice, one market foot of white Shuang-hsi cloth, one market ounce of vegetable oil, one market ounce of salt, and 3 market catties of coal. As of 19 April 1950, the values will be based on the wholesale market averages for the day preceding publication.
- (*8) The posted values in Sian are based on the daily market prices of 2 catties of mixed flour, 5 catties of coal, and one foot of Yen-t'a cloth. The figures for the all-year averages were contributed by the Sian Ch'un-chung Jih-pao.
- (*9) In 1951, prices were stable and parity values changed very little. For instance, in the last 3 months Shanghai values did not change at all. Thus, although there was little reason for day-by-day publication, the editor has used daily figures for his calculations. The values for any specific place, day, or item, may be obtained from the editor.

Regulations for Determining the Amount of Total Wages

(The following regulations were published by the Committee of Finance and Economics of the Government Administration Council, 7 March 1951.)

The following regulations are intended to facilitate the calculation of total wages when compiling labor plans in public enterprises, and to facilitate calculation of union fees, labor insurance, and unemployment compensation by public and private administrative or fiscal departments when complying with the Labor Union Law, the Labor Insurance Law, and the Temporary Provisions for Unemployment Compensation.

1. All wages paid by all administrative and fiscal offices to hired and registered employees should be included in the amount of total wages. This amount will include all other formal payments as wages. Registered employees include production workers, apprentices and on-the-job trainees, engineering and technical personnel, managerial personnel, odd-job workers, and fire and police guards. The income of the fiscal departments and attorneys of fiscal departments of private enterprises need not be included.

2. The amount of total wages should include the following:

Basic wages -- (a) All hourly wages paid directly according to wage standards and grades; (b) all piece wages paid directly according to item of production (including direct unlimited, accumulative, or collective piece

STAT

wages); (c) all incentive awards (such as awards for quality, for saving fuel, for saving labor, and for safety); and (d) all operational payments made by enterprises not using the above-named wage systems.

Subsidiary wages -- (a) All incentive awards not specified above; (b) overtime and night differential pay; (c) all differential payments (such as those for increased skill, regional differentials, and dangerous occupations); (d) work stoppage compensation (e.g., for machinery or power stoppage or shortage of materials); and (e) other forms of wage payments such as food, quarters, and utilities allowances. This category designates compensations and allowances given the employees.

3. Amount of total wages does not include one-time awards of an unusual nature such as for inventions, technical developments, suggestions, and new records; labor insurance, union fees, unemployment compensation, etc. paid by the enterprise; travel and entertainment expenses paid to employee in an official capacity; or separation pay.

4. Total wages in farms, organizations, schools, etc., can be calculated from the above rules. Students wages will not be calculated in the total wages for schools.

5. Appointee or honorary working positions will be classed under wages not contributing union fees or labor insurance. Administrative positions of this category shall be treated in accordance with the joint directive of the Central Ministries of Labor and of Finance dated 11 October 1950.

6. All payments legally calculated by enterprises on the basis of total wages shall calculate total wages as defined in these regulations. If any individual enterprises shall have difficulty in complying with any part of these regulations, notice should be made to local labor administration organs.

Ch'en Yun

People's Insurance Businesses

The Central People's Government, considering the importance of insurance to the people, decided, at the first All-China Financial Conference, to set up an insurance organ of national scope -- the China People's Insurance Company, with branches in all areas. This company is basically quite different from insurance companies of the past in that its objective is to serve national organs, public enterprises, private capital, and the broad mass of industrial and agricultural workers. It is an economic system to protect the collective security of society. In the past 3 years, under the leadership of the People's Bank and the Ministry of Finance, the China People's Insurance Company has made a great contribution to developing national production and protecting the livelihood of the people. The business, organs, and cadres of the company itself have also greatly developed.

1. Organizational Machinery

According to September 1951 figures, the company had, in addition to the main office, 5 area offices, 46 division offices, 316 branch offices, 74 business offices, and 2,296 representatives offices. The main office is in Peiping, Hsi-chiao-min Kang 109.

2. Business Activities

The company handles six kinds of compulsory insurance: property, maritime, and railway-car compulsory insurance; and aircraft, railway, and steamer passenger accident insurance. To carry out the Government Administrative Council decision concerning compulsory property insurance for national

STAT

organs, state enterprises, and cooperatives and compulsory travelers' insurance, the company instituted private property insurance and strengthened travelers' insurance, instituted more than 30 kinds of voluntary insurance, and expanded its service to the workers by protecting private property and stimulating rural-urban trade. Coverage includes ordinary fire insurance, group fire insurance, and simple fire insurance; railway, steamship, aircraft, motor-vehicle, wooden-vessel, and other transportation insurance; livestock shipping insurance; insurance for steam, wood, and fishing vessels; and automobile, streetcar, postal, and silk cocoon insurance.

Personnel insurance includes individual life, group life, simple life, sailors group life, and fishermen's group life insurance; escalator passengers' accident, construction workers' accident, public conveyance operators' accident, and private automobile passengers' insurance. Agricultural insurance includes livestock, cow, pig, wheat, cotton, and tobacco insurance. Also there is soldiers' transportation insurance and sailors' insurance.

3. Services

Activities of the company have already expanded from the city into the country and from partial to full-scale coverage. From coverage of production units the company has expanded to coverage of individuals. This has given full protection to the property of the nation and the people and to the life of individuals. At the same time, rates have greatly decreased and scope of coverage has expanded. The policy of rate reduction has lowered the burden on the insured. Rates on fire and shipping insurance have been lowered twice. Now fire insurance rates are 30-50 percent lower than before the liberation. Shipping insurance rates dropped 50-70 percent in the same period. Coverage has expanded to include losses from theft during earthquakes, explosions, and natural calamities.

STAT

STAT

Page Denied